

Message Text

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PAGE 01 VANCOU 01137 01 OF 02 062342Z

ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 CIAE-00 DODE-00 PM-05 H-02

INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15

ICA-20 TRSE-00 SIL-01 LAB-04 COME-00 OMB-01 /091 W

-----126848 070012Z /62

R 062210Z SEP 78

FM AMCONSUL VANCOUVER

TO SECSTATE WASHDC 4505

INFO AMEMBASSY OTTAWA

ALL CONGENS POUCH

UNCLAS SECTION 1 OF 2 VANCOUVER 1137

E.O. 11652: N/A

TAGS: PINT, CA

SUBJECT: JOE CLARK OPENS THE P.C. CAMPAIGN IN VANCOUVER

1. SUMMARY. PROGRESSIVE-CONSERVATIVE LEADER JOE CLARK DELIVERED AN EFFECTIVE POLITICAL SPEECH BEFORE THE MEN'S CANADIAN CLUB OF VANCOUVER ON SEPTEMBER 5. HE STRESSED ECONOMIC ISSUES, AND ANNOUNCED A PROGRAM OF INCENTIVES TO STIMULATE THE PRIVATE SECTOR. HE MADE SEVERAL FAVORABLE REFERENCES TO THE U.S. ECONOMIC SYSTEM. HIS LEITMOTIV WAS THAT, IN MARKED CONTRAST WITH THAT SYSTEM, CANADA'S LIBERAL GOVERNMENT HAS SHACKLED ECONOMIC DEVELOPMENT AND THE "SENSE OF BUILDING." END SUMMARY.

2. JOE CLARK, LEADER OF THE PROGRESSIVE-CONSERVATIVE PARTY, UNOFFICIALLY OPENED HIS CAMPAIGN ON SEPTEMBER 5 AS HE SPOKE ON ECONOMIC MATTERS BEFORE A VERY RECEPTIVE AUDIENCE OF SEVERAL HUNDRED MEMBERS OF THE MEN'S CANADIAN CLUB OF VANCOUVER. WHEN ORIGINALLY SCHEDULED, CLARK'S SPEECH HAD BEEN EXPECTED TO BE HIS FIRST FORMAL CAMPAIGN VOLLEY. ADMITTING THAT THE CONSERVATIVES WERE STILL "WAITING FOR THE OTHER SHOE TO DROP," CLARK NONETHELESS GAVE A STRONG POLITICAL SPEECH WHICH FOCUSED PRIMARILY ON ECONOMIC ISSUES.

UNCLASSIFIED

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PAGE 02 VANCOU 01137 01 OF 02 062342Z

3. HE OPENED BY TOUCHING ON THE CONSTITUTIONAL QUESTION, WHICH HE SAID WAS OBVIOUSLY IMPORTANT, BUT NOT AS IMMEDIATELY CRITICAL AS THE ECONOMY. IN RELATION TO THE LIBERALS' PROPOSALS, HE SAID THAT MANY OF THE CHANGES MAY THEMSELVES WELL BE ILLEGAL OR "UNCONSTITUTIONAL," AS FLORA MACDONALD HAS ALREADY ARGUED. MORE BASIC, THE REAL ISSUE TO ADDRESS

FIRST, BEFORE THE INSTITUTIONAL ONES, IS THE UNDERLYING DIVISION OF POWER AND RESPONSIBILITY BETWEEN OTTAWA AND THE PROVINCES.

4. CLARK THEN TURNED TO THE ECONOMY, AND DEVELOPED THE THEME THAT THE CURRENT GOVERNMENT IS ACTUALLY HINDERING CANADIAN ECONOMIC DEVELOPMENT, THAT THE INNATE "NORTH AMERICAN INSTINCT TO BUILD" IS BEING FRUSTRATED IN CANADA - IN DRAMATIC CONTRAST TO THE SITUATION IN THE UNITED STATES. DURING HIS SPEECH CLARK MADE MANY POSITIVE REFERENCES TO THE UNITED STATES ECONOMIC SYSTEM - FROM ITS ALLEGEDLY LIGHTER TAX BURDEN ON PRIVATE INDIVIDUALS TO ITS OVERT ENCOURAGEMENT OF INNOVATION AND ENTREPRENEURSHIP. HE STRESSED THAT HE DID NOT INTEND FOR A P.C. GOVERNMENT "TO MIMIC THE UNITED STATES," BUT RATHER THAT THERE WERE MANY ASPECTS OF THE US APPROACH TO ENCOURAGING ECONOMIC ACTIVITY WHICH WERE "NATURAL" AND JUST AS APPLICABLE IN CANADA AS IN THE US.

5. CLARK SAID THAT, IN RELATION TO UNEMPLOYMENT, THE P.C. WOULD "DIVERT AS MUCH AS POSSIBLE" FROM UNEMPLOYMENT INSURANCE COFFERS TO ENCOURAGE (AND COMPENSATE) PRIVATE BUSINESS TO CREATE PERMANENT JOBS. THE SECOND POINT IN THE CAMPAIGN TO "RESTORE RESPECT FOR WORK" WOULD BE A PROGRAM TO DEVELOP MARKETABLE WORK SKILLS AMONG THE UNEMPLOYED - AGAIN COOPERATION WITH PRIVATE ENTERPRISE.

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PAGE 03 VANCOU 01137 01 OF 02 062342Z

6. IN ORDER TO "RESTORE RESPECT FOR INVESTMENT" AND REVERSE THE RECENT YEARS' EXPORT OF CAPITAL FROM CANADA, CLARK ARGUED AT LENGTH ON THE NEED FOR TAX REFORMS. HE SAID THE PC WOULD BE GUIDED BY THREE PRINCIPLES: REWARDS FOR INITIATIVE, ENCOURAGEMENT OF PRIVATE INVESTMENT, AND PROVISION OF INCENTIVES TO RISK TAKERS AND INNOVATORS. WHILE PROMISING THAT SPECIFIC PROPOSALS WOULD BE FORTHCOMING "WHEN THE OTHER SHOE DROPS," CLARK NONETHELESS PUT SOME FLESH ON THE PRINCIPLES. HE PROMISED TO REVAMP THE TAXATION SYSTEM BY, INTER ALIA, CHANGING THE CAPITAL GAINS TAX TO TAKE ACCOUNT OF INFLATION, PROVIDING CREDITS FOR R & D ESPECIALLY BY CANADIAN-OWNED FIRMS, PROVIDING CREDITS FOR INVESTORS IN SMALL ENTERPRISES, AND PROVIDING ADDITIONAL INCENTIVES FOR DEVELOPMENT OF ENERGY RESOURCES.

7. CLARK ADMITTED THAT THE VARIOUS EMPLOYMENT PROGRAMS AND TAX INCENTIVES WOULD REQUIRE SOME "RESTRAINT" OF THE CENTRAL GOVERNMENT'S ACTIVITIES TO FREE UP THE NECESSARY RESOURCES. HE GOT HIS BIGGEST OF SEVERAL ROUNDS OF APPLAUSE WHEN HE PRIMISED TO "GET OTTAWA OUT OF THINGS IT SHOULD NEVER HAVE GOTTEN INTO." HE CITED PETROCAN AND THE MINISTRY OF STATE FOR URBAN AFFAIRS AS THE TWO ACTIVITIES OF THIS TYPE WHICH

HEADED HIS LIST.

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PAGE 01 VANCOU 01137 02 OF 02 062344Z
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INFO OCT-01 ISO-00 EB-08 CIAE-00 DODE-00 PM-05 H-02
INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15
ICA-20 TRSE-00 SIL-01 LAB-04 COME-00 OMB-01 /091 W
-----126863 070013Z /62

R 062210Z SEP 78
FM AMCONSUL VANCOUVER
TO SECSTATE WASHDC 4506
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UNCLAS FINAL SECTION OF 2 VANCOUVER 1137

8. COMMENT: ECON OFFICER ATTENDED SPEECH WHICH WAS, NOT SURPRISINGLY, WARMLY RECEIVED BY THE BUSINESS-ORIENTED AUDIENCE. AT THE SAME TIME, MORE THAN ONE LISTENER COMMENTED THAT IT WAS "A DAMN GOOD SPEECH" AND THAT CLARK'S PERFORMANCE WAS A DRAMATIC IMPROVEMENT OVER HIS PREVIOUS (JANUARY 1977) APPEARANCE BEFORE THE SAME GROUP. CLARK'S MANY, ALL FAVORABLE, REFERENCES TO THE US MIGHT NOT ALL STAND UP TO CRITICAL EXAMINATION (E.G. A COMPARISON OF INCOME TAXES ON A NEW JERSEY FAMILY WITH THOSE IN ONTARIO), BUT THE GENERAL POINT THAT THE US IS A "CREATIVE COUNTRY" WHILE CANADA HAS TURNED "CAUTIOUS" UNDER THE LIBERALS WAS EFFECTIVELY MADE AND CERTAINLY APPRECIATED BY THE AUDIENCE. CONCERNING THE MANY REFERENCES TO THE US, ONE LISTENER SAID AFTERWARDS, "THOSE WERE THE MOST POSITIVE STATEMENTS ABOUT THE US I HAVE HEARD IN A LONG TIME."

9. PRESS CLIPPINGS BEING POUCHED OTTAWA AND EUR/CAN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTION CAMPAIGNS, PARTY LEADERS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VANCOU01137
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780363-0753
Format: TEL
From: VANCOUVER
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780995/aaaadbfa.tel
Line Count: 160
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1e166956-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1525384
Secure: OPEN
Status: NATIVE
Subject: JOE CLARK OPENS THE P.C. CAMPAIGN IN VANCOUVER
TAGS: PINT, CA, (CLARK, JOE)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1e166956-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014